Manitoba Lotteries
Foundation

Annual Report
1987-88

The Manitoba Lotteries Foundation is responsible for the management and operation of lottery schemes on behalf of the Province; and the licensing of charitable and religious organizations to conduct gaming activities.

Minister Responsible for the Administration of the Manitoba Lotteries Foundation Act

The Honourable Judy Wasylycia-Leis

Board of Directors

L. Toms, Chair
M. Therrien, Vice-Chair
J. Carrigan
J. Durcan
E. Gautron
I. Gregoire
A. Lanceley
V. Pruden
H. Robinson

General Manager

Garth Manness

ORGANIZATION STRUCTURE

MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Honourable Bonnie Mitchelson
Minister Responsible for Lotteries
Room 118 Legislative Building
WINNIPEG, Manitoba
R3C 0V8

Madam:

I have the honour to transmit herewith the Fifth Annual Report of the Manitoba Lotteries Foundation.

This report provides a summary of the activities and accomplishments of the year ended March 31, 1988, and to the best of my knowledge accurately reflects the affairs of the Foundation during that fiscal period.

Respectfully submitted,

Glenda Russell

Glenda Russell
Chair
MLF Board

MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Ms. Glenda Russell
Chair
Manitoba Lotteries Foundation
830 Empress Street
Winnipeg, Manitoba
R3G 3H3

Dear Ms. Russell;

I am honoured to present this, the Fifth Annual Report of the Manitoba Lotteries Foundation for the fiscal year ended March 31, 1988.

Financial statements, some operational highlights and the Report of the Provincial Auditor are provided within.

Respectfully submitted,

Garth Manness
General Manager

Report From The Chair

On behalf of the Board, I am pleased to report that fiscal year 1987-88 was another productive and successful year for the Manitoba Lotteries Foundation. The Board of the Foundation, as in past years, continued to strive towards a fair and equitable lottery system in Manitoba. This objective was accomplished by constantly analyzing and revising programs, policies and Terms and Conditions.

Throughout the year, the Board continued to review its Licensing Provisions to ensure that licenses were granted to charitable or religious organizations and to ensure that it was complying with the guidelines for licensing as set out in the Criminal Code.

The Board considered several property issues in 1987-88. Additional property at the bingo hall at 970 Nairn Avenue was leased to allow for additional parking for bingo patrons. Due to the shortage of office space at 830 Empress Street, the Board reviewed several options which would allow for the appropriate accommodation of all staff. The most viable option appeared to be expansion into the existing warehouse at 830 Empress but a final decision was held pending further review.

Further to the announcement of a major needs assessment to determine the appropriate distribution of gaming revenue, the Honourable Judy Wasylycia-Leis, Minister responsible for Lotteries, announced that the consulting team of The Coopers & Lybrand Consulting Group and the University of Manitoba Research Inc. would conduct the study.

Being primarily responsible for the operation and regulation of gaming activities, the Manitoba Lotteries Foundation determined that it would not play a direct role in this study, however, it acted as an advisor to the consultants and the Minister, similar to the role played by the umbrella and special agreement groups. As well as being the Chairperson of the Manitoba Lotteries Foundation, I was appointed by the Minister to chair the Advisory Committee.

One Board member, Mrs. Frances Powell, of Pine Falls, resigned her position from the Board in April. She was replaced by Ann Lanceley of Brandon. I would like to thank Mrs. Powell for her significant contribution to the Board since her appointment in March, 1983.

The Board is pleased with the positive financial performance of the Foundation in 1987-88 and also with the effective licensing and regulatory role played by the Foundation.

On behalf of the Board, I thank the management and staff of the Foundation for their work and look forward to continued success in the future.

Lois Toms
Chair

General Manager's Report

The Manitoba Lotteries Foundation is pleased to report revenue over expenditures of $55,679,433 for the fiscal year ending March 31, 1988. This represented an increase of 3.7% from fiscal year 1986-87. Revenue from gaming activities is distributed to umbrella groups, special agreement groups and the Government of the Province of Manitoba.

Revenue from the Western Canada Lottery Corporation increased by over $3,000,000 as a result of an overall increase in lottery sales of 9.3%. Increased sales were primarily a result of a 34.7% increase in the sale of $1 and $2 instant tickets. Games such as Double Dare, First & Goal and Go for the Gold proved very popular with the Manitoba lottery ticket buyer.

April 1, 1987 was the start-up date for a new lotto game in Western Canada - Lotto 6/36. Lotto 6/36 replaced the existing game, Lotto West, resulting in sales for the fiscal year which were double the sales in the previous year of Lotto West. Western Express and The Provincial games maintained a consistent level of sales over the year. Lotto 6/49 sales increased by 3.6% as the game maintained its strong position in the market, representing over 50% of all lottery ticket sales in Manitoba.

The Super Loto game, the only $10 ticket on the market, continued to lose its popularity and, as a result, was discontinued in May of 1988 to be replaced by a game offering a $20 ticket two or three times yearly.

The Foundation continued to operate the bingo halls at 970 Nairn and 427 McPhillips with the proceeds going to community organizations in Manitoba. Renovations were started in the halls, improving the air quality, air flow and overall appearance of the facilities. Over $4,000,000 was generated from the operation of these halls.

Casino operations at the Foundation-operated Casino at the Centre continued to provide significant revenue to the umbrella and special agreement groups which shared in casino proceeds. April of 1987 saw the completion of a 7-week trial casino testing the viability of a 5 day/week ongoing casino.

The results of the 5 day/week casino were successful enough to have the Foundation change all casino operations to a 5 day/week operation, Tuesday to Saturday. The Foundation maintained its policy of operating 90 days per year with an adjustment occurring in 1987-88 whereby the 90 days was calculated in the Foundation's fiscal year as opposed to the calendar year as was previously being done.

The Foundation continued to meet the players' demands for new and exciting games in the casino with the introduction of the domino game, Pai Gow, and another popular game, Red Dog. Introduction of these games helped increase daily casino revenues in 1987-88 by over 12.5% to $72,700/day -- an increase of over $8,400 per day from 1986/87.

The Manitoba Lotteries Foundation was also involved in the operation of 34 casinos outside of the City of Winnipeg in 1987-88. These 142 days of casinos generated over $550,000 in revenue which was distributed to 37 community organizations in Manitoba.

Three new breakopen tickets were introduced in 1987-88. Big Five-O, a 25 cent ticket, Hat Trick, a 50 cent ticket, and Manitobucks, a 50 cent ticket, were received very well by breakopen ticket buyers. However, the overall sales of breakopen tickets continued to decline in 1987-88 leading the MLF to conduct extensive market research to determine the shortcomings in the game.

In its regulatory role, the MLF continued to issue licenses for the management and conduct of lottery schemes. Just under 2,000 licenses were issued by the Manitoba Lotteries Foundation. Along with issuing these licenses the MLF maintained its strong investigative and audit programs ensuring that the gaming industry in Manitoba would maintain its high level of integrity and public acceptance.

The Foundation maintained its close working relationship with the Western Canada Lottery Corporation as well as with all umbrella groups and special agreement groups, and looks forward to a successful year of operation in 1988-89.

Garth Manness
General Manager

Executive

Through the General Manager, the Executive division provides the primary focus and contact with the Minister responsible for Lotteries, the Board of Directors and other nationally and provincially operated lottery organizations.

In addition, the division provides the Foundation with an operational audit service through its Internal Auditor and a comprehensive human resource service through the Personnel section.

During the 1987-88 fiscal year, a number of workforce-related issues were managed. Not the least of which was the certification by the Manitoba Labour Board of the MLF's casino and bingo employees. This event authorized the Manitoba Government Employees Association to act as the bargaining agent on behalf of these employees in the negotiation of a collective agreement. As well, a Personnel Manager's position was justified and staffed during this period.

The Internal Auditor maintained his examination of a sample of the widely diverse operational systems in use by the Foundation. His function ensures that these systems operate within the Foundation's legislative framework and maintain the highest level of integrity and security.

Finance & Administration

The Finance & Administration Division is responsible for the centralized and internal services of the Foundation. During the year ended March 31, 1988, this included the following:

a) management of the finances entrusted to the Foundation
b) accounting for the Foundation's activities
c) central purchasing
d) planning and evaluation
e) computer systems design, development and operation
f) management of Foundation properties
g) warehousing breakopen tickets and bingo paper
h) processing customer orders for breakopen tickets, bingo paper and lottery tickets
i) reception and switchboard

Gaming Operations

The Gaming Operations Division is responsible for the management and operation of Casino at the Centre, Pot O'Gold Bingo, Bonanza Bingo and casinos outside Winnipeg.

Casino Operations:

Casino at the Centre continued to operate at the downtown location in the Winnipeg Convention Centre in 1987-88. Ten Umbrella and Special Agreement Groups shared in the proceeds generated through the casino.

Late in the 1986-87 fiscal year, days of operation of the Casino moved to five a week (Tuesday through Saturday) on an experimental basis. This trial period proved so successful that Casino at the Centre continued on that schedule throughout its operations in 1987-88.

Casino staff participated in a variety of training programs throughout the year. These programs not only provided training sessions for two new games, Pai Gow and Red Dog, but also ensured that a high level of integrity and proficiency was maintained in the operation of other casino games offered to the public such as Blackjack, Roulette, Big Six, Sic Bo and Baccarat.

In this fiscal period, casinos were also operated in 34 other locations outside the City of Winnipeg. Proceeds from these 142 days of operations were distributed directly to the 37 participating charitable groups in those communities. (See note 6 of the audited financial statements.)

Bingo Operations:

The Manitoba Lotteries Foundation continued the operation of two bingo halls in Winnipeg, at 427 McPhillips Street and 970 Nairn Avenue, throughout 1987-88.

Charitable community organizations were scheduled through the Umbrella Groups to participate at specified bingos. The organizations provided volunteers to assist in the operation of the bingo and earned funds directly from those events.

The general appearance of the bingo halls was improved during the year through painting and tiling of floors.

Security and Licensing

The Security and Licensing Division is responsible for providing a licensing system for the Province and ensuring security for all Manitoba Lotteries Foundation gaming operations and gaming products offered for sale to the public.

During this fiscal year, the Security and Licensing Division was expanded to encompass both the Lottery Audit Section and the Bingo/Breakopen Section. These Sections were complimented by the Casino Investigation Section, the Security Systems Section, the Licensing Section and the General Investigations Section.

Lottery Audit Section:

The main task of this section, monitoring the revenue, expenses and disbursements of all lottery funds generated by licensed organizations, continued throughout 1987-88. Assistance to organizations in implementing internal control procedures also formed a large portion of the responsibilities of this section in that fiscal period.

Bingo/Breakopen Section:

The Bingo/Breakopen Section's primary responsibility is to assist community groups achieve maximum profitability in their licensed lottery activities. Throughout the year, consultative services were made available to organizations on game plans, pricing and selling strategies, financial reporting and other licensing requirements. The section was also responsible for co-ordinating the production and marketing of bingo and breakopen ticket products made available to licensees in Manitoba by the MLF.

Casino Investigation Section:

Implementation of all security measures within Manitoba Lotteries Foundation casinos is the responsibility of the Casino Investigation Section. In fiscal 1987-88, this included on-site security, routine inspections of all gaming equipment, and the investigation of irregularities and complaints. The section also continued to provide recommendations for appropriate courses of action on investigative matters.

General Investigations Section:

This section is tasked with the investigation of all complaints concerning licensed lottery events. The overall aim is to maintain the integrity of licensed gaming in Manitoba. This was accomplished in part in 1987-88 as in previous years, by an annual inspection of each event. Investigations were also carried out in response to public enquiries, as well as those matters referred from the Licensing, Audit and Marketing Sections.

The actual number of investigations conducted remained relatively constant, with only a slight increase from 402 to 424. These cases concerned a variety of complaints regarding licensed activities, lottery tickets, the conduct of games, gaming events and the use of funds. Investigations were also conducted on violations of the Terms and Conditions, the Criminal Code and various statutory offences. There was however, a significant increase in the number of lottery ticket investigations: 11 to 76. Bingo and breakopen inspections continued to be a priority resulting in a rise of 69 inspections conducted.

Licensing Section:

All license applications to conduct lottery events are processed in a fair and equitable manner; staff of the Licensing Section ensured the eligibility of each applicant in 1987-88 through careful research and review of applications prior to scrutiny by the Licensing Board and the issuance of any license.

This fiscal year saw the total number of lottery licenses issued increase from 1,923 to 1,965. Bingo and breakopen tickets continued to be the major sources of self-generated financial support, utilized by virtually every community in Manitoba. Specifically, there were 743 Bingo licenses and 833 Breakopen licenses issued. Raffles also continued in popularity with a total of 241 licenses issued for top prizes ranging from $300 to $500,000, with the most notable prizes being luxury homes and automobiles. Other licensed lottery events continued to enjoy moderate success as money makers for various groups throughout the Province.

Security Systems Section:

Throughout the fiscal period this section continued to co-ordinate all physical security measures employed in the various Manitoba Lotteries Foundation facilities. In addition to establishing security policy, the section also tested and assessed the security of breakopen tickets and bingo paper and was responsible for numerous other security assignments.

Marketing & Communications

Marketing:

During the 1987/88 fiscal year, the Manitoba Lotteries Foundation (MLF) authorized the installation of 125 lottery terminals for sale of national (Lotto 6/49) and regional (Lotto 6/36) ticket games. Lotto 6/36 replaced Lotto West in March of 1987 with considerable success.

First & Goal, a $2 instant ticket with a football theme, was offered to the Manitoba public for the first time and was well received by consumers.

A workshop/seminar series, called Components for Winning, was introduced to Manitoba retailers as a professional development program for both retailers and their staff.

Communications:

Further strategic planning for long and short-range information programs, campaigns and projects were developed with the Communications Section's new agency of record, Foster Advertising of Winnipeg.

Multi-media promotion of the Foundation's Casino at the Centre operation continued to be scheduled and co-ordinated.

Strategic marketing and point-of-purchase advertising campaigns for three new breakopen ticket games (Big Five-O, Hat Trick and Manitobucks) were designed, co-ordinated and distributed in co-operation with the Bingo/Breakopen Section.

Market research studies of Casino at the Centre patrons and breakopen ticket players were initiated, supervised and co-ordinated through the Communications Section along with an intensive survey of gaming attitudes in Manitoba.

Where the Money Goes

Manitoba's communities receive the benefits of ttery funds in two ways:
1) Funds earned by community organizations ensed to operate their own events, such as raffles bingos, are retained by those organizations to pport the charitable purpose outlined in their license plication.
2) Proceeds obtained by the Manitoba Lotteries undation through gaming activities are allocated to rious community organizations through the lottery nding system. The lottery funding system includes x Umbrella Groups, six Special Agreement and two vernment departments. Financial information on the ttery funding system as administered by the MLF is cluded in this report in Schedules 6 and 7 of the dited financial statements:

The MLF conducts and manages all casinos in the ovince of Manitoba. Casino events held outside innipeg are operated by the MLF and all profits go rectly to the sponsoring organization.

Revenues generated by Casino at the Centre, onanza Bingo and Pot O'Gold Bingo, are also ared with Umbrella Groups and Special Agreement roups through the lottery funding system. The nding formula is determined by the Government of e Province of Manitoba.

Only non-profit charitable/religious community ganizations are eligible for lottery funding. Each of e six funding Umbrella Groups, and the two vernment departments which receive lottery funds ve their own specific criteria and procedures.

The following is a synopsis of each group's purpose d role in the lottery funding system. More specific formation is available from the funding organization government department.

mbrella Groups:

The name, "Umbrella Group" specifically refers to a ngle, large representative body made up of a mber of smaller, community organizations that are common or similar objectives.

Once gaming/lottery revenues are turned over to an nbrella Group, it is responsible for determining how ose funds will be best shared by their related mmunity groups and appropriate application ocedures for access by organizations throughout e province.

Manitoba Arts Council

The Manitoba Arts Council is the designated Umbrella organization for the arts. The lottery revenues are shared on a 75 percent/25 percent ratio between the Manitoba Arts Council and its lottery allocations committee, the Manitoba Arts Gaming Fund Commission.

The Manitoba Arts Council is an agency of the Province of Manitoba, directed by 15 government appointed members. It has a broad mandate, supporting a wide variety of professional arts endeavours in Manitoba, including performing groups, arts-service groups and publishers, as well as professional artists in all disciplines and innovative arts projects. Its programs include "Artists in the Schools" and touring development assistance Specific criteria are outlined in its more than 40 program guidelines.

The Manitoba Arts Gaming Fund Commission was established in 1984 and operates under the mandate of the Manitoba Arts Council. It is a body comprised of 13 members elected for alternating two-year terms by Manitoba arts organizations, with representation grouped by size and discipline categories. All of the funds distributed by the Manitoba Arts Gaming Fund Commission are gaming based. The Commission applies its portion of the revenues towards special projects, tours, deficit reductions and aspects of operations.

The Manitoba Arts Gaming Fund Commission considers requests from the broad range of not-for-profit charitable arts organizations: professional arts organizations, provincial arts associations, community and amateur arts groups in two program areas. The scope and variety of projects supported is quite extensive.

Manitoba Arts Council
525-93 Lombard Avenue
Winnipeg, Manitoba
R3B 3B1
(204)945-2237

Manitoba Community Services Council

The Manitoba Community Services Council was established in 1984 as an Umbrella Group of the Lottery Funding System.

MCSC's role is to allocate funds and/or gaming events/dates to Manitoba organizations qualifying as participants under this Umbrella. Projects and services of non-profit community service, social service, recreation, and health-related organizations would fall under the Manitoba Community Services Council Umbrella. MCSC guidelines are broad in order to respond to the changing needs of Manitoba communities. The MCSC does not fund fund-raising events.

The Council consists of volunteer chairperson and at least ten other volunteer members appointed by the President of the United Way of Winnipeg on the recommendations of the United Way Nominating Committee. Volunteer members are selected from both urban and rural areas.

There are no application deadlines. Each is accepted and reviewed throughout the year on a first-come, first-served system. Applications are reviewed on the basis of written submissions only. The Council meets monthly to make decisions on applications and the application process normally takes three to four months from the time of submission.

Manitoba Community Services Council
3rd Floor, 5 Donald Street
Winnipeg, Manitoba
R3L 2T4
(204)475-3728

Manitoba Heritage Federation

The Manitoba Heritage Federation was established in 1985 as the Umbrella Group responsible for distributing gaming revenue to organizations or individuals whose aims are to preserve Manitoba's heritage. Its purpose is to promote, encourage, develop, and preserve heritage and to create a forum in which organizations can share their common interest in Manitoba's heritage.

The Federation's Gaming Funds Committee, is made up of 19 members appointed by its executive based on nominations from its membership. The Committee, chaired by a member of the executive, consists of one urban and one rural representative from each of the following disciplines:

• archives • archaeology • environmental and natural history • genealogy • historical architecture • history • museology. There are also four members-at-large; two urban, two rural.

Grants are extended to museum boards, historical societies, sponsored individuals and heritage groups for the continued development and promotion of heritage projects and programs throughout the province.

Applications are considered once a year. The deadline for receipt of applications is December 1.

Manitoba Heritage Federation
Room 434, 167 Lombard Avenue
Winnipeg, Manitoba
R3B 0T6
(204)943-4568

Manitoba Intercultural Council

The Manitoba Intercultural Council is a community-based agency which represents ethnocultural communities in Manitoba. Its mandate is to assist communities in promoting and maintaining the cultural values of Manitobans, and to develop understanding, appreciation and sharing of the diverse cultural values which enrich Manitoba and Canada. The Manitoba Intercultural Council advises the provincial government on all ethnocultural matters, and acts as an advocate on behalf of Manitoba's ethnocultural communities.

The funding provided to ethnocultural organizations through the Ethnocultural Community Support Fund represents the Council's share in the Lottery Funding System. The Community Resource Allocation Committee, made up of six elected members of the Manitoba intercultural Council, is responsible for the allocation of the monies from the Ethnocultural Community Support Fund.

All activities by an elibible organization that are of benefit to the organization, the ethnocultural community or to a wider community are considered for support. Eligible organizations may apply for operational funding, special projects or capital projects. Groups must be non-profit community-based ethnocultural organizations or a non-profit organization composed of and serving two or more ethnocultural groups.

There are three application deadlines for funding from the Manitoba Intercultural Council: April 30, August 31 and December 31.

Manitoba Intercultural Council
500-283 Bannatyne Avenue
Winnipeg, Manitoba
R3B 3B2
(204)945-4576
TOLL-FREE in Manitoba 1-800-282-8069

Manitoba Sports Federation

Established in 1969, the Manitoba Sports Federation represents 96 associations ranging from sport governing bodies and universities to regional sport organizations. Its mandate is to encourage participation in sport at all levels of skill and ability, and to develop athletes of a national and international calibre. The Federation also plays a major role in the advocacy and promotion of amateur sport in Manitoba.

The Manitoba Sports Federation is governed by an 18-member volunteer board of directors, elected by and accountable to its membership. The Grants Committee, responsible for allocating the lottery funds, is comprised of 12 members appointed by the Federation for a two-year term. No committee member can serve for more than four consecutive years.

Funds are granted annually at the beginning of the Federation's fiscal year (April 1). Applications must be received by October of the previous year.

Manitoba Sports Federation
1700 Ellice Avenue
Winnipeg, Manitoba
R3H 0B1
(204)985-2000

Manitoba Community Education Association

A number of parochial and independent schools throughout the province are represented by the Manitoba Community Education Association. They share in revenues generated by Casino at the Centre and bingo events.

Funds are allocated to participating schools in proportion to their respective student enrolments. Non-denominational, Roman Catholic and Jewish schools are among the membership.

Manitoba Community Education Association
c/o 3216 - 110 Plaza Drive
Winnipeg, Manitoba
R3T 5K8
(204)269-4810

Special Agreement Groups:

There are six Special Agreement Groups representing non profit community organizations that receive funding through the lottery funding system. They operate ongoing programs as opposed to the funding Umbrella Groups which determine funding on a project-by-project basis.

Four of the groups operate special events: Red River Exhibition Association, Festival du Voyageur, Folk Arts Council of Winnipeg Inc. (Folklorama), and the Winnipeg Blue Bombers Football Club.

The United Way of Winnipeg raises and allocates funds for services provided by participating agencies. Manitoba Medical Research provides funds to the Medical Research Council, capital projects for the three teaching hospitals, and administrative research.

Red River Exhibition Association

Originated by the Kinsmen Club of Winnipeg in 1952, the Red River Exhibition Association is a volunteer, community-sponsored organization as well as an agricultural society.

Each June, the Red River Exhibition is held in the area immediately surrounding (and including) the Winnipeg Stadium and Arena. A multitude of rides, agricultural/horticultural exhibits, food and entertainment are offered at one of the province's most popular summer attractions.

The affairs of this group are managed by a Board of 43 Directors, all of whom are volunteers. Its objectives include:

- promoting Manitoba industry, agriculture, tourism and commerce
- creating a better understanding between racial and economic groups
- promoting, assisting and conducting fairs, shows and lawful games of all kinds.

Red River Exhibition Association
876 St. James Street,
Winnipeg, Manitoba
R3G 3J7
(204)772-9464

Festival du Voyageur

Festival du Voyageur received profits generated by the Manitoba Lotteries Foundation's Casino at the Centre.

The Festival itself is an annual week-long celebration of French-Canadian, Metis and native culture and heritage. It's also the largest winter festival to be found in Western Canada.

Each February, Festival du Voyageur provides Manitobans with an opportunity to sample such diverse and exciting activities as ice sculpture, hockey, a wide range of foods, music, dance as well as cultural exhibits, a Mardi Gras and even a beard-growing competition.

Festival du Voyageur attracts and appeals to a growing number of Manitoba patrons and participants yearly.

Festival du Voyageur
765 Tache Avenue
Winnipeg, Manitoba
R2H 2C4
(204)237-7692

Folk Arts Council of Winnipeg

Another famous multicultural festival which derives financial support from the gaming profits of the Manitoba Lotteries Foundation is, of course, Folklorama, Canada's Festival of Nations.

Organized and supervised by the Folk Arts Council of Winnipeg Inc. (a non-profit, community-sponsored organization), Folklorama truly is a world-class event.

Every August since 1970, Folklorama pavilions — each representing a different cultural heritage — have been growing in number and in popularity; not just with Manitobans, but with people from other parts of Canada and the United States.

Visitors are offered a wide and colorful variety of ethnic foods, music, dance and exhibits, and are encouraged to "travel" throughout Winnipeg in order to see as many different pavilions as they desire.

Folklorama (Folk Arts
Council of Winnipeg)
c/o Winnipeg Convention
Centre
375 York Avenue
Winnipeg, Manitoba
R3C 3J3
(204)944-9793

The United Way of Winnipeg

The United Way has shared in gaming revenue since 1975. It is the only United Way in Canada to be supported by lottery funds. Now the Manitoba Lotteries Foundation supports the United Way through the Gaming Fund.

MLF-generated revenue pays administration costs of the United Way. This enables the organization to use monies raised through annual donation campaigns (plus interest), for services, programs or projects provided by the United Way's various participating agencies throughout the province.

The United Way works on behalf of over 75 service agencies such as Meals on Wheels, the Society for Manitobans with Disabilities and the Canadian Red Cross Society. Lottery funds also support 14 United Ways in other Manitoba communities.

Funds are used for the following:

- the administration expenses of the United Way of Winnipeg
- the allocations to other United Ways in Manitoba outside Winnipeg
- the allocation to the United Way of Canada

Any funds remaining are forwarded to the Manitoba Community Services Council, the funding Umbrella Group.

The United Way of Winnipeg
3rd Floor, 5 Donald Street
Winnipeg, Manitoba
R3L 2T4
(204)477-5360

Winnipeg Blue Bombers Football Club

Like the other non-profit, community-sponsored organizations, the Winnipeg Blue Bombers also receive their share of lottery-funded support. Each year since 1981, the Bomber organization has received gaming profits generated by the Casino at the Centre.

Founded in 1935, the Winnipeg Blue Bombers have often captured the Western Conference Championship in the Canadian Football League and have gone on to win the coveted Grey Cup. Football fans throughout the province enjoy the colorful, action-packed exploits of the Bombers, season after season.

Winnipeg Blue Bombers Football Club
1465 Maroons Road
Winnipeg, Manitoba
R3G 0L6
(204)775-9751

Manitoba Medical Research

When the Manitoba Hotel Association first agreed to market breakopen tickets, in August 1981, proceeds from these sales were used to support the St. Boniface General Hospital Research Foundation.

An official letter of agreement in March 1984, confirmed the continued success of this form of fund-raising in Manitoba. By the end of the 1984-85 fiscal year, the commitment to the St. Boniface General Hospital had been met. Since that time, funds have been forwarded to the Health Sciences Centre Research Foundation.

The MLF provides hoteliers with marketing and management resources through field consultants. Manitoba Medical Research received 13.5 per cent of the gross revenue generated by the sale of Breakopen Tickets in hotels while the hotels receive 7.5 per cent. Revenues from Breakopen Ticket sales in Manitoba hotels are apportioned as follows:

- 45 per cent towards the Manitoba Health Research Council of Manitoba
- 45 per cent towards the participating Winnipeg teaching hospitals on an equal, cost-sharing basis for capital projects, to be divided, in order:
  - $650,000 to St. Boniface Hospital Research Foundation (completing a $6 million commitment)
  - $2.5 million to Health Sciences Centre Research Foundation (in progress)
  - $2.5 million to Children's Hospital Research Foundation (future)
  - 10 percent towards administrative research.

Manitoba Medical Research
c/o Health Sciences Centre Research Foundation
800 Sherbrook Street
Winnipeg, Manitoba
R3A 1M4
(204) 787-2022

Provincial Government Departments:

Two provincial government departments participate in the lottery funding system; Department of Culture, Heritage and Recreation, and Department of Health, Sport Directorate.

Department of Culture, Heritage and Recreation

The Department of Culture, Heritage and Recreation has a mandate to work with communities to achieve mutual goals in developing cultural, heritage and recreation initiatives that cultivate creative expression, strengthen community identity, preserve and protect heritage and enhance the lives of all residents.This is accomplished through a balance of consultation and financial assistance in support of community resource development.

The Department supports the operation of provincial cultural, heritage and recreational agencies and institutions through the provision of annual operating grants and the delivery of community-based activities through formula-based project grants. It also offers a wide range of materials services designed to promote the development of new opportunities and an awareness of culture, heritage and recreation issues. Generally, applicants must be non-profit, community-based organizations.

Manitoba Culture, Heritage and Recreation
Room 114 Legislative Bldg.
Winnipeg, Manitoba
R3C 0V8

Department of Health, Sport Directorate

The Sport Directorate's purpose is to guide and assist sport development from the initiation or grass roots level to the elite or high performance level.

The Sport Directorate has over 20 program areas which achieve these goals through providing direction and financial assistance to 76 provincial sport associations, six regional sport associations, and a number of other agencies with specific sport development responsibilities.

The Sport Directorate publishes a program manual annually which outlines the programs and policies of the Directorate. The manual includes applications for the majority of the Directorate's programs for the upcoming fiscal year. A number of programs, however, are funded on a seasonal basis such as coaches/officials certification clinics, and athletes/coaches/officials assistance. Some are funded in advance such as the Manitoba Games and Team Manitoba — both Canada/Western Canada Summer Games Programs.

The Sport Directorate recognizes only one association per sport group with priority given to those recognized by Sport Canada and the Manitoba Sports Federation. Groups must function effectively as a non-profit organization in Manitoba. The Directorate's deadline for application is generally the end of February or early March.

Sport Directorate
205-379 Broadway Avenue
Winnipeg, Manitoba
R3C 0T9
(204)945-3535

Manitoba

THE MANITOBA LOTTERIES FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

July 22, 1988,
Winnipeg, Manitoba.

THE MANITOBA LOTTERIES FOUNDATION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Assets		
Current Assets:		
Cash on hand and in bank	$ 3,010,534	$ 3,791,762
Term deposits with Minister of Finance	11,000,000	17,500,000
Accrued interest receivable	118,464	147,636
Accounts receivable:		
Western Canada Lottery Corporation	4,040,934	2,088,439
Trade	406,967	232,359
Miscellaneous	149,519	83,546
Inventories - at lower of cost or net realizable value:		
Bingo paper	131,594	112,428
Breakopen tickets	395,974	247,434
	19,253,986	24,203,604
Deposit on land	—	109,211
Net fixed assets, Note 3	3,649,675	3,218,756
Total assets	$22,903,661	$27,531,571

	1988	1987
Liabilities and Fund Account Balances		
Current liabilities:		
Acounts payable and accrued liabilities:		
Government of the Province of Manitoba	$ 529,237	$ 298,103
Western Canada Lottery Corporation	190,936	65,388
Trade	270,242	369,587
Funds payable to the Government of the Province of Manitoba	4,589,269	4,695,132
Grants payable to organizations	5,070,366	5,163,875
	10,650,050	10,592,085
Accrued pension benefit	761,111	499,256
Fund account balances - Exhibit B		
Casino	140,105	118,840
Bingo Halls	295,375	730,532
Gaming Fund	3,176,478	811,695
General	2,343,348	2,515,021
Special	3,442,793	3,044,617
Equalization Fund	2,094,401	9,219,525
Total liabilities and fund account balances	$22,903,661	$27,531,571

THE MANITOBA LOTTERIES FOUNDATION

Statement of Changes in Fund Account Balances
for the year ended March 31, 1988
(with 1987 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	Totals 1988	Totals 1987
Balance, beginning of year before prior period adjustment	$ 118,840	$ 730,532	$ 811,695	$2,515,021	$ 3,044,617	$ 9,219,525	$16,440,230	$12,255,090
Prior period adjustment, Note 8	—	(750,000)	—	—	—	—	(750,000)	(750,000)
Balance, beginning of year after prior period adjustment	118,840	(19,468)	811,695	2,515,021	3,044,617	9,219,525	15,690,230	11,505,090
Add:								
Revenue over expenditure, Exhibit C	5,015,656	4,080,720	46,583,057	—	—	—	55,679,433	53,670,293
	5,134,496	4,061,252	47,394,752	2,515,021	3,044,617	9,219,525	71,369,663	65,175,383
Deduct:								
Funds allocated to the Government of the Province of Manitoba, Schedule 6	—	—	19,791,137	—	—	10,599,700	30,390,837	20,421,171
Grants allocated to organizations, Schedule 7	4,994,391	3,765,877	19,939,058	—	—	787,000	29,486,326	29,063,982
	4,994,391	3,765,877	39,730,195	—	—	11,386,700	59,877,163	49,485,153
Balance before transfers between fund accounts	140,105	295,375	7,664,557	2,515,021	3,044,617	(2,167,175)	11,492,500	15,690,230
Transfers between fund accounts	—	—	(4,488,079)	(171,673)	398,176	4,261,576	—	—
Balance, end of year, Exhibit A	$ 140,105	$ 295,375	$ 3,176,478	$2,343,348	$ 3,442,793	$ 2,094,401	$11,492,500	$15,690,230

THE MANITOBA LOTTERIES FOUNDATION

Statement of Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Net lottery sales revenue, Schedule 1	$43,526,707	$40,390,572
Bingo paper and breakopen ticket sales, Schedule 2	5,477,147	6,180,459
Bingo hall revenue over expenditure, Schedule 3	4,080,720	4,329,474
Casino revenue over expenditure, Schedule 4	5,015,656	4,135,409
Interest income	1,423,219	1,759,631
License fees	831,989	796,309
Other income	267,814	174,092
	60,623,252	57,765,946
Administrative expenses, Schedule 5	4,943,819	4,095,653
Revenue over expenditure, Exhibit B	$55,679,433	$53,670,293

THE MANITOBA LOTTERIES FOUNDATION

Net Lottery Sales Revenue
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Lottery sales at retail:		
Lotto 6/49	$ 62,115,425	$ 59,908,280
Instant	29,728,778	22,070,000
Western Express	12,139,650	13,555,246
Lotto 6/36	7,728,609	—
Provincial	5,323,155	5,612,990
Super Loto	4,526,670	6,286,400
Lotto West	—	3,758,968
	121,562,287	111,191,884
Interest and other revenue – Western Canada Lottery Corporation	733,823	709,202
	122,296,110	111,901,086
Cost of lottery sales – Western Canada Lottery Corporation	75,581,468	68,527,319
	46,714,642	43,373,767
Payment by agreement to the Government of Canada, Note 4	3,187,935	2,983,195
Net lottery sales revenue, Exhibit C	$ 43,526,707	$ 40,390,572

THE MANITOBA LOTTERIES FOUNDATION

Bingo Paper and Breakopen Ticket Sales
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Bingo paper:		
Sales:		
– licensees	$1,393,129	$1,000,370
– bingo halls, Schedule 3	277,739	225,809
	1,670,868	1,226,179
Cost of bingo paper sold	1,511,028	1,108,979
Net sales	$ 159,840	$ 117,200
Breakopen tickets:		
Sales:		
– licensees	$6,361,589	$7,153,756
– bingo halls, Schedule 3	537,274	649,621
	6,898,863	7,803,377
Cost of breakopen tickets sold	1,581,556	1,740,118
Net sales	$5,317,307	$6,063,259
Bingo paper and breakopen ticket sales, Exhibit C	$5,477,147	$6,180,459

THE MANITOBA LOTTERIES FOUNDATION

Bingo Hall Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue		
Bingo paper:		
Sales (retail)	$9,476,737	$8,551,926
Less:		
Prizes	5,627,127	5,001,030
Cost of paper sold, Schedule 2	277,739	225,809
	3,571,871	3,325,087
Breakopen tickets:		
Sales (retail)	5,969,774	7,218,044
Less:		
Prizes	3,880,357	4,691,822
Cost of tickets sold, Schedule 2	537,274	649,621
	1,552,143	1,876,601
Canteen proceeds	174,255	83,140
	5,298,269	5,284,828
Expenditure		
Advertising	35,215	32,282
Bingo hall rental	240,625	196,467
Depreciation and amortization	88,332	79,173
Maintenance	117,976	83,702
Salaries and benefits:		
– permanent	262,499	197,694
– casual	203,021	114,741
Security	59,701	39,968
Shortage allocated to organizations	100,094	122,213
Sundry	55,965	47,246
Supplies	8,834	5,561
Utilities	45,287	36,307
	1,217,549	955,354
Revenue over expenditure, Exhibit C	$4,080,720	$4,329,474

THE MANITOBA LOTTERIES FOUNDATION

Casino Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Casino proceeds	$8,767,334	$7,421,355
Canteen and other income	66,648	42,517
Interest	630	1,706
	8,834,612	7,465,578
Expenditure:		
Advertising	139,435	241,645
Canteen supplies	78,305	59,038
Depreciation and amortization	258,761	169,341
Rentals	262,462	208,911
Salaries and benefits:		
– permanent	370,281	220,805
– casual	2,340,215	2,144,583
Security	113,398	87,931
Sundry	109,273	64,498
Supplies	83,206	92,746
Travel	63,620	40,671
	3,818,956	3,330,169
Revenue over expenditure, Exhibit C	$5,015,656	$4,135,409

THE MANITOBA LOTTERIES FOUNDATION

Administrative Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Advertising and promotion	$ 203,840	$ 120,677
Board members' fees and expenses	45,456	28,540
Cartage	123,682	106,231
Commissions and bonuses	50,281	137,633
Depreciation and amortization	231,335	175,343
Equipment rentals, repairs and maintenance	45,502	65,027
Insurance, security and property taxes	85,659	65,676
Office and storage space rentals	153,458	145,798
Provision for pension benefits	261,347	148,703
Postage, telephone and telex	112,488	98,386
Professional fees	287,543	69,169
Salaries and benefits	2,826,725	2,470,330
Sundry	176,856	139,345
Supplies and printing	115,463	102,037
Travel	224,184	222,758
Total administrative expenses, Exhibit C	$4,943,819	$4,095,653

THE MANITOBA LOTTERIES FOUNDATION

Allocation to the Government of the Province of Manitoba
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Department of Culture, Heritage and Recreation		
Funds allocated from:		
Gaming Fund Account	$14,474,206	$14,276,281
Equalization Fund Account	10,440,000	—
Department of Health	24,914,206	14,276,281
Funds allocated from:		
Gaming Fund Account	5,316,931	5,357,890
Equalization Fund Account	—	787,000
	5,316,931	6,144,890
Department of Community Services		
Funds allocated from:		
Equalization Fund Account	159,700	—
Total transfers, Exhibit B	$30,390,837	$20,421,171

THE MANITOBA LOTTERIES FOUNDATION

Grants Allocated to Organizations
for the year ended March 31, 1988
(with 1987 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	Equalization Fund	Totals 1988	Totals 1987
Manitoba Sports Federation Inc. and member organizations	$ 85,058	$2,292.536	$ 7,287,296	$ —	$ 9,664,890	$10,404,596
Manitoba Arts Council and member organzations	212,646	148,560	5,199,123	—	5,560,329	5,484,596
Manitoba Community Education Association Inc. and member organizations	1,435,361	148,506	—	—	1,583,867	616,519
Manitoba Community Services Council and member organizations	425,292	834,945	3,196,182	—	4,456,419	4,233,630
Manitoba Heritage Federation Inc.	821,962	—	—	—	821,962	584,440
Manitoba Intercultural Council and member organizations	212,646	341,330	809,700	—	1,363,676	1,360,568
United Way of Winnipeg	—	—	2,386,483	—	2,386,483	2,386,483
Health Sciences Centre Research Foundation	—	—	530,137	—	530,137	714,452
Manitoba Health Research Council	—	—	530,137	787,000	1,317,137	714,452
Rick Hansen "Man in Motion" Trust Fund	—	—	—	—	—	10,000
Festival du Voyageur	331,237	—	—	—	331,237	261,275
Red River Exhibition Association	331,237	—	—	—	331,237	264,000
Folk Arts Council of Winnipeg Inc.	294,432	—	—	—	294,432	236,268
Winnipeg Blue Bombers Football Club	294,432	—	—	—	294,432	207,936
Keystone Association of Charities Inc.	—	—	—	—	—	874,510
Royal Canadian Legion, Manitoba and Northwest Ontario Command	—	—	—	—	—	25,931
Rural Casinos, Note 6	550,088	—	—	—	550,088	684,326
Total, Exhibit B, Note 5	$4,994,391	$3,765,877	$19,939,058	$19,939,058	$29,486,326	$29,063,982

The Manitoba Lotteries Foundation

Notes to the Financial Statements
for the year ended March 31, 1988

1. Establishment of the Foundation and Nature of Operations

Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

The Foundation is the Agent of the Government of the Province of Manitoba in the Western Canada Lottery Corporation (W.C.L.C.). W.C.L.C. is responsible for providing the lottery tickets, determining the winning tickets, paying out the prizes, as well as other administrative responsibilities as determined by the member Provinces.

The Manitoba Lotteries Foundation is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under three thousand dollars. The Foundation may issue licenses to organizations to hold lottery schemes, in which case, the Foundation carries out a supervisory and compliance control.

The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at two bingo halls (three halls prior to January 1, 1986). The Foundation also conducts and manages all casinos in the Province of Manitoba.

2. Significant Accounting Policies

(a) Revenue and expenditure recognition

Revenue and expenditure is recorded on an accrual basis except for the following:

(i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

(ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

(iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

(b) Government Lotteries

Lottery revenue is received from W.C.L.C. and represents the revenue the Foundation receives from government lottery sales in the Province of Manitoba less Manitoba's share of W.C.L.C.'s costs associated with these sales and Manitoba's share of the amounts owing to the Federal Government.

(c) License Fees

License fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

(d) Fixed Assets and Depreciation

Fixed assets are recorded at cost.

Furniture, automotive and other equipment are depreciated on a straight-line basis over 5 years.

Building is depreciated on a straight-line basis over 20 years.

Leasehold improvements are amortized over the term of the lease.

Casino security equipment is depreciated on a straight-line basis over 10 years.

During the year, the Foundation has revised the useful life of certain fixed assets. This resulted in an increase in the amount of depreciation for the year and a decrease in Revenue over Expenditure of $81,232.

(e) Pension Costs

Employees and officers of the Foundation are pensionable under the Civil Service Superannuation Fund (the Fund) and make contributions to the Fund at prescribed rates. The Foundation is required to pay 50% of the pension disbursements made to retired employees. It is the policy of the Foundation to charge to administrative expense the employer's portion of pension benefits earned by employees. This is calculated in accordance with a formula contained in the actuarial report prepared as of December 31, 1986. The expense for 1988 was $261,347 (1987, $148,703). This expense and the resulting liability of $761,111 (1987, $499,256) are based on the assumption that future pensions will be increased due to increases in the cost of living.

(f) Casino

The casino statement, Schedule 4, reflects the transactions pertaining to casinos operated and managed by the Foundation. The casinos are charged with all direct expenses of operating the casinos. There is no allocation of indirect expenses including senior management salaries.

(g) Bingo Halls

The bingo hall statement, Schedule 3, reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. There is no allocation of indirect expenses including senior management salaries.

The Foundation deducts from the proceeds of each bingo event an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the bingos the variance is recovered from future bingos. If the direct expenses are less than the amount charged to the bingos the variance is payable to the umbrella groups associated with the organizations that were involved with the bingo events.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are to be used and applied as the Lieutenant Governor in Council directs or in accordance with general guidelines prescribed by the Lieutenant Governor in Council.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund Account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

The proceeds are payable to umbrella groups and/or community organizations that were involved with the casino and/or bingo events.

(iii) General Fund Account

The General Fund Account reflects $2,343,348 in retained income for working capital and investments in fixed assets. For the year ended March 31, 1988 an interfund transfer of $171,673 to the Special Fund Account was recorded as required by Cabinet directive. Transfers are being made back to the Special Fund Account over the next two years to carry out the balance of the Cabinet directive.

(iv) Special Fund Account

The Special Fund Account is set up and used for special projects as authorized by Cabinet. Changes in the account during the year are set out below:

Opening balance		$3,044,617
Transfers from General Fund Account, Note 2(h)(iii)	$171,673	
Interest transferred from Gaming Fund Account	$226,503	398,176
Closing balance, Exhibit B		$3,442.793

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interest. This is based on a sharing formula approved by Order-In-Council. For 1988, in compliance with Ministerial direction, the Equalization Fund received the lesser of 10% or an amount equal to the 1987 allocation. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationships between sharing groups in the Gaming Fund Account and to provide for any other uses at the sole discretion of the Government of the Province of Manitoba.

3. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1988 Net Book Value	1987 Net Book Value
Land	$1,344,723	$ —	$1,344,723	$ 852,164
Furniture and equipment	758,278	473,812	284,466	326,153
Building	1,243,444	172,353	1,071,091	1,105,979
Leasehold improvements	891,702	691,739	199,963	148,819
Casino equipment and chips	526,533	344,250	182,283	320,282
Casino security equipment	402,629	109,644	292,985	331,185
Other equipment	429,921	155,757	274,164	134,174
	$5,597,230	$1,947,555	$3,649,675	$3,218,756

4. Payment to Government of Canada

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government.

On June 3, 1985, a second agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the Criminal Code removing the Federal Government as a participant in lottery and gaming activities.

Manitoba's share of payment	1988	1987
Agreement #1	$1,738,595	$1,594,870
Agreement #2	1,449,340	1,388,325
	$3,187,935	$2,983,195

5. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella groups and/or member organizations. Agreements and/or letters of understanding with the umbrella groups provide for Manitoba Lotteries Foundation to make certain payments directly to the member organizations.

6. Rural Casinos

Proceeds of the rural casinos were allocated to the following organizations:

	1988	1987
Lorette Sports Centre	$ 39,627	$ 32,384
Garson Community Rink Inc.	38,742	17,718
Stonewall Casino '87	38,312	—
East St. Paul Community Club	33,615	114,603
St. Andrews Community Club	28,295	42,224
Richer Knights of Columbus	28,280	—
Carman Curling Club	25,606	16,066
Oakbank Community Club	21,570	18,038
Provincial Exhibition of Brandon	21,435	53,579
Selkirk Casino Umbrella Group	20,339	35,272
East Selkirk Recreation Assoc. Inc.	19,144	7,773
Kinsmen Club of The Pas	18,656	6,052
Little Britain Community Club	17,197	—
Warren Recreation Center	15,282	—
Kinsmen Club of Gimli	14,533	1,465
Labroquerie Arena Board	14,191	10,532
Grosse Isle Memorial Park Recreational Club	13,114	47,814
Meadows Community Club	13,114	—
Rosser Central Community Club	13,114	—
Kinsmen Club of Flin Flon	10,934	7,969
Kinsmen Club of Teulon	10,895	14,593
St. Pierre Curling Club	10,552	—
Kinsmen Club of Thompson	9,494	21,451
St. Adolphe Community Club	9,456	—
Morris Curling Club	7,130	—
Beausejour Brokenhead Memorial Arena Board	6,948	14,679
Balmoral Skating and Hockey Club	6,910	5,602
Kinsmen Club of Stony Mountain	6,910	5,602
St. Francois Xavier Community Club	6,182	36,695
Ste. Anne Curling Club	4,896	—
R.C.L. #220 - La Verendrye Branch	4,896	—
Ste. Anne Minor Hockey Association	4,896	32,552

Cont'd next page

Village of Ste. Anne Parks & Recreation	$ 4,896	$ —
Rotary Club of Flin Flon	3,805	—
Belcourt Community Club	3,091	—
St. Francois Xavier Fire Fighters	3,091	—
Northern Manitoba Trapper's Festival	—	7,802
Elie Community Club	940	19,262
South Interlake Golf and Country Club and Woodlands R.C.L. #248	—	54,118
Winnipeg Beach Community Curling Club	—	13,233
St. Adlophe Jaycees	—	12,217
Lions Club of The Pas	—	6,052
Kinsmen Club of Stonewall	—	28,979
	$550,088	$684,326

7. Commitments and Contingent Liabilities

(a) The following contractual liabilities exist as at March 31, 1988:

Operating lease commitments for facilities, halls and equipment amount to $926,477.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1989	$359,804
March 31, 1990	301,977
March 31, 1991	207,496
March 31, 1992	55,700
March 31, 1993	1,500
	$926,477

(b) The following contingent liabilities exists as at March 31, 1988:

Four claims have been filed against the Foundation. One claim is with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba. One claim is with respect to the Foundation's operating, managing and controlling casinos in the Province of Manitoba. One claim pertains to the Foundation's refusal of a certain licence while another claim concerns the business of selling lottery products outside the Province of Manitoba.

The financial implication of these claims cannot be determined at this time.

No provision has been made in the accounts of the Foundation in respect to these claims as at March 31, 1988.

8. Prior Period Adjustment

One former claim with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba has been settled for $750,000.

9. Comparative Figures

The 1987 figures have been reclassified where necessary to conform to the 1988 financial statement presentation.

In particular, the accounts previously shown as Fund account balances payable to organizations or the Government of the Province of Manitoba have been reclassified on Exhibit A into Funds payable to the Government of the Province of Manitoba and Grants payable to organizations to reflect those amounts which have been allocated to specific entities and fund accounts for Casino, Bingo Halls and Gaming Fund to reflect those amounts which have yet to be allocated to specific entities. Amounts shown as Funds allocated to the Government of the Province of Manitoba, Grants payable to organizations and the opening balances of Casino, Bingo Halls and Gaming Fund have been similarly reclassified on Exhibit B.